

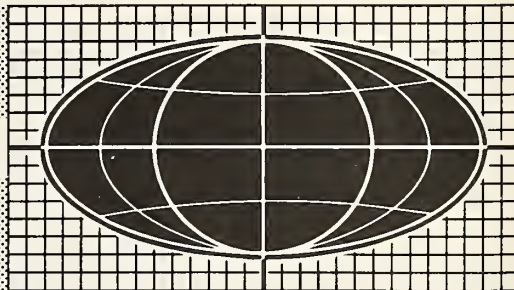
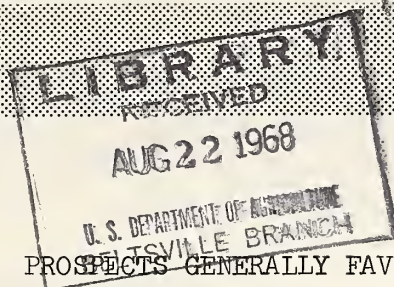
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THE EUROPE AND SOVIET UNION AGRICULTURAL SITUATION

MIDYEAR REVIEW



PROSPECTS GENERALLY FAVORABLE IN 1968

Prospects for agricultural production in the region were generally favorable as of early July, except in southeastern Europe and in the southern part of European USSR. A dry fall and a prolonged spring drought affected crops in the Danubian countries. Greece and Italy also experienced dry weather in 1968.

A grain crop about equal to the record crop in 1967 appears in prospect for Western Europe. Wheat and barley production should be about the same as in 1967. Smaller crops of rye and oats are expected in 1968, but the corn crop should be larger. The 1968 potato crop apparently will be smaller than the good 1967 crop, while increases are expected for sugarbeets and olive oil.

Changes in livestock production from 1967 levels are expected to be relatively small in Western Europe. Cattle numbers at the beginning of 1968 were about the same as a year earlier, and the number of sheep had declined slightly. Hog numbers, however, were up sharply.

In Eastern Europe, wheat and rye production will be well below the bumper crop of 1967. Sharp decreases are expected in Bulgaria, Hungary, Romania, and Yugoslavia, but little change in output is expected in Czechoslovakia, East Germany, and Poland. Smaller crops of corn and sunflowerseed are expected in Eastern Europe than in 1967. Sugarbeets and potatoes, grown principally in the northern countries, may hold at the high level attained in 1967.

Poor pasture conditions, small first cuttings of hay and silage, and a small carryover of feed grains in Bulgaria, Hungary, Romania, and Yugoslavia will also probably hold milk, meat, and egg production down during 1968.

Prospects for the grain crop in the Soviet Union were fair as of early July. The winter wheat crop probably will be smaller than in 1967. Favorable seeding weather and expanded acreage increase the chance that spring grain crops may reach 1967 levels. The dry weather in southern European USSR,

together with reduced acreages, will make it difficult to maintain 1967 levels of output for sunflowerseed and sugarbeets, despite an upward trend in yields in recent years.

Production of livestock products increased in the first half of 1967 compared with the first half of 1968. However, forage crop prospects at midyear were unfavorable in the southern regions of the USSR because of the hot, dry spring.

WESTERN EUROPE

Grain: Prospects in early July indicate a near-record grain crop for Western Europe. Total grain area is up about 400,000 hectares to almost 42 million hectares, but production this year is expected to be about the same as the record 118 million tons harvested in 1967.^{1/} The 1968 grain crop is developing under generally favorable weather conditions, whereas the 1967 harvest was largely the result of excellent weather.

Wheat production in Western Europe is expected to be about equal to the record 47 million tons harvested in 1967, despite an expansion in area. The increase in wheat area (over 200,000 hectares to almost 18 million hectares) accounted for over half of the increase in total grain acreage.

Wheat production in the EEC is also expected to be about as large as in 1967. However, the wheat area in the EEC is more than 500,000 hectares (almost 6 percent) larger than in 1967. France and Italy each accounted for almost half of the increase in wheat area in the EEC. France is expected to have a wheat harvest about equal to the 1967 crop, while Italy probably will harvest a somewhat smaller wheat crop because of dry weather.

The wheat crops in the United Kingdom and Spain should be equal to or somewhat larger than the 1967 harvests. The expected increase in the U.K. wheat harvest is largely attributable to an expansion in area. The wheat harvest in Spain may exceed 1967's record 5.6 million-ton crop, although area declined because of a Government-encouraged shift from wheat to feed grains. Three increases in feed grain support prices have been announced by the Spanish Government, with the third increase applicable to the 1969 crop.

Sweden, Greece, and Austria are expected to have significantly smaller wheat crops in 1968. The wheat crop in Sweden apparently will be almost one-fourth smaller than the unusually large 1967 harvest. Wheat production in Greece and Austria is expected to equal roughly 90 percent of the 1967 crop, primarily because of dry weather during the growing season in southeastern Europe.

Imports of wheat into Western Europe in 1968 should approximate the 1967 level, but this will depend in part on the quality of the 1968 harvest. The relatively good quality of the EEC's 1967 wheat crop caused its imports during the first part of 1968 to fall below the comparable period a year earlier.

Rye production in Western Europe will decline somewhat from the 5.4 million-ton 1967 crop because of a reduced area, continuing the long-term

^{1/} Metric tons are used throughout this report.

trend, and because of less favorable weather. West Germany, the major producer, is expected to account for about half of the decrease.

Prospects point to a barley crop about equal to the record 37.5 million tons in 1967. The area seeded to barley in 1968 is about 12 million hectares, almost 400,000 hectares larger than in 1967. Spain accounted for most of this increase in area and is expected to have a barley crop one-fourth larger than in 1967. Denmark is also expected to produce more barley than in 1967, primarily because of area expansion. The United Kingdom and Greece are expected to have significantly smaller barley crops, partly because of reduced acreage.

Corn is the only major grain for which production in 1968 is expected to be significantly larger than in 1967. The crop should be about half a million tons larger than the 10 million tons produced in 1967, with most of the increase occurring in the EEC. France is expected to have a larger crop than the relatively small one in 1967, despite a smaller area. Also, Italy and Spain apparently will have significantly larger corn harvests because of expansions in area, particularly in Italy. Because of dry weather, Greece and Austria are expected to have somewhat smaller corn crops.

Production of oats in Western Europe is expected to be somewhat smaller than the 13 million-ton crop of 1967. Smaller crops in Sweden and France are expected to account for most of the decline. The smaller oat crop in Sweden is largely the result of lower yields, while that in France is largely attributable to a reduction in area. Other countries expecting smaller oat crops than in 1967 include Belgium, the United Kingdom, Austria, Portugal, and Greece.

Western Europe's imports of feed grains should remain at a high level in 1968. Although feed grain production is expected to be about the same as in 1967, the large inventory of hogs and poultry will sustain the import demand for feed grains. Two important variables in the EEC's import requirements are the extent to which internal trade in feed grain develops and the quantity of soft wheat used as feed.

Other crops: Prospects for crops other than grains in Western Europe currently appear favorable, except for potatoes. Area planted to sugarbeets increased significantly in 1968, while the potato and tobacco acreages remained about the same as in 1967.

One of the smallest potato crops in the past 5 years appears to be in prospect in Western Europe. The crop probably will be about 4 million tons less than the good 65 million-ton crop in 1967. The EEC countries (mainly West Germany, the Netherlands, and Italy) are expected to account for most of the decrease in Western Europe. Portugal, the United Kingdom, Greece, and Sweden also will probably have significantly smaller potato crops this year. In most instances, the smaller potato crops are expected because yields will not be as high as in 1967.

A record sugarbeet crop--several million tons larger than the 68 million-ton crop in 1967--appears probable in 1968. Except for Spain, the increase in sugarbeet production is largely confined to the EEC countries. The expected increase is especially sharp (over one-fourth) in France. In the EEC

countries, as well as in Spain, an expansion in sugarbeet acreage is the primary cause of the increase in output. Countries in which significant decreases from 1967 in sugarbeet production are indicated include Austria, Sweden, Denmark, and Ireland.

A tobacco crop about the same size as in 1967 (280,000 tons) appears to be in prospect.

Production of olive oil in Western Europe is forecast at about 1.1 million tons, about one-fifth more than in 1967 but about the same as in 1966. Italy and Spain, the two major producers in Western Europe, are expected to experience large increases over the relatively low levels of output in 1967, while Greece and Portugal will probably produce much smaller amounts in 1968.

Prospects for fruit production in Western Europe appear favorable. Within the EEC, larger crops of deciduous fruit are expected in Italy, West Germany, and the Netherlands. France will have good harvests of peaches and pears, but a smaller harvest of apples is expected. A glut of peaches appears likely in the EEC. The citrus harvest this year should about equal the 1967 crop. Some increase in Italian citrus production appears likely, while little change from 1967 is expected in Spain.

Livestock: Cattle numbers in Western Europe at the beginning of 1968 were about equal to the 88 million head a year earlier. Herds in the EEC totaled 51.6 million head, having increased by over 300,000 during 1967. The increase in cattle numbers in France was the most pronounced, about two-thirds of the total increase for the EEC. Although cow numbers in the EEC have not increased since 1960, a steady upward trend in milk production per cow and a leveling in per capita milk consumption have led to a buildup of dairy stocks. Currently, the EEC holds the world's largest surplus of dairy products. Butter stocks exceed 200,000 tons and stocks of nonfat dry milk are at a record level.

Decreases in cattle numbers in the United Kingdom, Ireland, Denmark, and Sweden offset the increase in the EEC. The decrease in cattle in the United Kingdom was attributable to the foot-and-mouth disease epidemic which broke out in October 1967. In Ireland, numbers returned to a more "normal" level during 1967, following an unusually large carryover of feeder and fat cattle into 1967 because of poor market conditions in the latter part of 1966.

Western Europe began 1968 with significantly more hogs--about 75 million head, compared with slightly more than 70 million a year earlier. Hog numbers in the EEC totaled 41 million head in early 1968, representing an increase of 7 percent during 1967. Italy had an outbreak of swine fever in 1967 and was the only EEC country which experienced a decline in hog numbers during 1967. Among the non-EEC countries in Western Europe, Spain, the United Kingdom, Ireland, Switzerland, Sweden, Austria, and Norway had significantly larger hog numbers at the beginning of 1968 than a year earlier. In Denmark, hog numbers in March 1968 were about the same as in March 1967.

The number of sheep in Western Europe at the beginning of 1968 totaled almost 76 million, slightly below a year earlier. Greece and the United Kingdom experienced large decreases in sheep numbers during 1967, while Italy and Ireland realized significant increases.

EASTERN EUROPE

The spring drought in the Danubian countries of Bulgaria, Hungary, Romania, and Yugoslavia, which lasted from mid-March through the latter part of May, has been described as the worst of this century. The combination of low soil moisture reserves because of below-normal precipitation in October and November 1967 and little spring rainfall seriously affected the fall- and spring-sown small grain crops. Soil moisture reserves at the end of June were well below normal.

Rainfall was nearly normal in Czechoslovakia and East Germany, but heavier than normal rains in May and June in Poland may have caused some crop damage. Soil moisture reserves are adequate in all of these countries except in south-eastern Czechoslovakia.

Grain: The unfavorable weather in the southern part of Eastern Europe has sharply lowered prospects for small grains. Despite a small increase in area, production of wheat and rye will be about 10 to 15 percent below the 35 million tons produced in the bumper year 1967. Sharp decreases (20 to 30 percent) are estimated for Romania, Yugoslavia, Bulgaria, and Hungary. Although there was some damage from heavy rains, wheat and rye production is estimated to increase slightly in Poland, but little change from the 1967 level is currently estimated for East Germany and Czechoslovakia.

Net import requirements for wheat by Eastern Europe may approach 5 million tons, up almost 2 million tons from the 1967 level. Czechoslovakia, East Germany, and Poland are expected to need about 3.5 million tons. Because of the drought, Yugoslavia and Hungary are expected to increase imports substantially over the 1967 level, and Bulgaria and Romania, exporters in recent years, have already indicated the need to import some wheat.

Corn output is currently estimated at approximately 18 million tons, somewhat less than in 1967. However, with low soil moisture reserves in the major corn-producing countries of Romania, Yugoslavia, Hungary, and Bulgaria, a marked shortage of rainfall in July and August would result in a sharper decline in corn production.

Production of barley and oats in Eastern Europe will not be off as sharply as output of wheat and rye, since the major producers--Poland, Czechoslovakia, and East Germany--experienced more favorable spring weather. Production in the southern countries of Eastern Europe will be down from 1967 because of the drought. Reports from Bulgaria and Romania indicate that some of the poorly germinated barley and oat crops have been plowed under and replanted with late harvested summer crops.

Other crops: If drought conditions continue through July, the outlook for sunflowerseed will deteriorate further, since production is concentrated in the Danubian countries. Reports from Hungary and Yugoslavia already indicate a drop in the area planted to sunflowers. There have been no indications of changes in planted area for the other countries. In the northern area, the rapeseed crop has been reported to be in good condition in Poland, the major producer, and the harvest could match last year's bumper crop.

Prospects for root crops in Eastern Europe are generally favorable since production is concentrated in the northern countries. Sugarbeet growth is reported to be good in Czechoslovakia, and a recovery from a slow start due to a dry and cool April has been made in Poland and East Germany. The sharper decline in production expected in the southern countries may only moderately affect the total East European production. Potato production is following a similar pattern. Prospects appear to be good in Poland, East Germany, and Czechoslovakia, where production accounts for about 90 percent of the total East European output, but only fair in the Danubian countries.

First cuttings of hay in the southern countries of Eastern Europe were below average, and the diversion of irrigation from forage crops to grains also has lowered the prospects for forage.

Declines in fruit and vegetable production can be expected in the Danubian countries, and this loss could reduce exports by these countries.

Livestock: Prospective changes in livestock production in 1968 are mixed. The southern countries had larger numbers on January 1, 1968, than on the same date in 1967, but the lower feed carryover and the spring drought could hold milk and egg production down in 1968. Meat output will be guided by feed supplies. A sharp reduction could lead to heavy slaughter, producing a larger output than in 1967.

In Czechoslovakia, East Germany, and Poland, continued gains in meat output are forecast. Imports of feed grains during 1968 thus will probably be maintained at the 1967 level. The favorable pasture conditions and good hay crops will also help to raise milk production in these countries.

SOVIET UNION

Grain: Prospects for the 1968 grain crop in the Soviet Union were fair as of early July. The grain area is 1.4 million hectares larger than in 1967. If weather during the remainder of the growing season is normal, total grain output could equal the 125 million-ton crop of 1967. Conditions during the remainder of the summer, however, will be critical in determining the final output of the important spring wheat crop, which is harvested largely in late August and September.

Production of winter wheat probably will decline slightly. Most of the southern part of European USSR--the principal regions for winter wheat--experienced a dry fall in 1967. However, winter precipitation was moderately heavy, restoring soil moisture to normal or above-normal levels. Losses from winterkill appeared normal in most regions, although losses were reported as severe in parts of the central black soil region and the southern Ukraine. An extended period of dry weather in the winter wheat belt during April-June was interrupted by occasional rains during the second half of May, but some yield deterioration may be expected. The trend of rising winter wheat yields, resulting in part from the greatly increased fertilization rates in the past few years, may partially offset the effects of generally poorer weather.

Midyear conditions suggest that increases in spring wheat production could offset any decrease in the winter wheat crop. The area in spring wheat is believed to be up slightly from 1967. In the spring wheat region from the Volga River eastward, soil moisture reserves generally were low in the fall, but above normal winter precipitation covered much of the area, especially in the Volga region. At the time of seeding, the soil moisture situation was favorable over large areas of the spring wheat belt, but a persistently dry zone of considerable size remained in part of northern Kazakhstan and western Siberia. Good rains in part of this area during June promoted germination and growth. The increase in the use of fallow and stubble mulching during the past 5 years, moreover, has reduced the severity of yield fluctuations.

As of midyear, prospects for most feed grains, rye, and miscellaneous grains appeared about as favorable as a year earlier, but dry weather in European USSR decreased the likelihood of significantly better crops than in 1967. Good spring rainfall in the Volga region benefited the barley and rye crops. An expansion in the area planted to corn for grain was planned in the Ukraine, but most of the corn is in the region affected by drought. Pulses also may have been stunted by the spring drought.

Other crops: The midyear outlook for most nongrain crops in the USSR was dimmed somewhat by dry weather in major growing areas.

The sunflower area reportedly is down slightly from last year and about 400,000 hectares below the record 5 million hectares of 1966. The area of other oilseeds held steady. Although dry weather prevailed at seeding time in the major sunflower belt, germination was good. Sunflower condition reportedly was still good at midyear, but a continuation of the dry weather may affect flower development. The upward trend in yield of sunflowerseed apparently is a function not only of improved varieties, but also of greater fertilizer usage. Because sunflowers are relatively drought resistant, another year of high output appears probable, despite the area contraction and less-than-optimum weather.

The industrial sugarbeet area also was cut back in 1968, by about 5 percent. Planting was about a week earlier than the year before, but dry weather in April and early May probably slowed development. Replanting was required on sizable areas because of frosts, dust storms, rain, and hail. Good rains in the second half of May corrected difficulties in most areas, but dry weather returned in June.

Frequent rains and cool weather interfered with cotton planting in Soviet Central Asia. Considerable replanting was required after damaging hail and hard rains, but total area is believed down only slightly from last year. The 1968 output probably will be at least 6 million tons (seed cotton) again. Some increase in the share of long-staple cotton is likely.

The planned area of potatoes and vegetables was down slightly, but potatoes in the socialized sector will probably benefit from increased fertilization.

Forage prospects at midyear were unfavorable in the southern regions of the USSR. The total area in corn--primarily a silage crop in the USSR--



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remained about the same as in 1967. The hay area increased by 5 million hectares in 1968, but grasses were damaged by the hot, dry spring. Silage corn benefited from occasional May rains, but a generally dry June in the corn areas damaged the crop.

Livestock: Livestock production increased in the first half of 1968 compared with the first half of 1967, but the outlook for the remainder of the year has been dimmed by poorer forage crop prospects plus the likelihood of little improvement in grain supplies. During the first half of 1968, output in the socialized sector increased over the first half of 1967 as follows: meat--10 percent; milk--6 percent; eggs--14 percent. Average milk yields per cow and laying rates per hen each increased 5 percent. The gains occurred mainly during the winter months; the margin over 1967 decreased during the spring months.

Midyear cattle and cow numbers on State and collective farms held about steady with the level of a year earlier; and sheep and goat numbers increased 1 percent. Hog numbers were off 8 percent, but the seasonal decline in 1968 from January 1 numbers was much less than in 1967, suggesting that the downward trend of the past couple of years may be slowing or reversing. Hog numbers have declined since 1965 as a result of disease problems and the shift from small herds to specialized large-scale operations. July 1 data for the private sector are not available, but numbers of privately owned livestock at the beginning of 1968 generally were off more sharply from a year earlier than were numbers in the socialized sector. Both sectors registered increases in poultry numbers during 1967.

This report was prepared under the direction of
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